

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 212782
ORIGIN EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 FEA-01
INRE-00 SSO-00 NSCE-00 SS-15 USIE-00 PA-01 PRS-01
TRSE-00 OMB-01 ITC-01 /051 R

DRAFTED BY EB/AVP:GGRIFITHS:VLV
APPROVED BY EB/OA:RABROWN, ACTG.
EB/AVP - AJWHITE
ARA/PPC - MBARNEBEY
L/EB - PMICKEY
ARA/ECP - DTAHER
FEA - D.MCCLANAHAN
DOT/OST - LERICSON
COM/BIEPR - EGRAUMAN
CAB/BIA - DLITTON

-----118803 062052Z /62

O 062030Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY BOGOTA IMMEDIATE

LIMITED OFFICIAL USE STATE 212782

E.O. 11652: N/A

TAGS: EAIR, CO

SUBJECT: JET FUEL PRICES AND TAXES

REF: (A) BOGOTA 8216; (B) STATE 202332

1. DEPT APPRECIATES PROMPT EMBASSY RESPONSE IN REF A.
HOWEVER, DEPT HAS BEEN INFORMED BY BRANIFF TODAY THAT
ECOPETROL OFFICIAL HAS TOLD JUAN UCROS, BRANIFF REGIONAL
VICE PRESIDENT IN COLOMBIA, THAT ADVANCE PURCHASE BY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 212782

BRANIFF WILL RESULT IN PRICE REDUCTION OF ONLY 3.5-4 US
CENTS PER GALLON.

2. BRANIFF-ECOPETROL DISCUSSION REPORTEDLY TOOK PLACE AT
RECENT RECEPTION AT HOME OF EMBOFF GIBSON. AT SAME RECEPTION,
PRESIDENT OF AVIANCA, MENDOZA, REPORTEDLY INDICATED
TO UCROS SOME WILLINGNESS TO RECONSIDER RECENT INFLEXIBIL-

ITY ON AVIANCA PRICE INCREASE IF BRANIFF COULD PROVE TO AVIANCA SATISFACTION THAT AVIANCA NOT PAYING MORE FOR JET FUEL IN US THAN IS BRANIFF. BRANIFF BELIEVES IT CAN PROVE THIS AND ITS FUEL SPECIALIST ENNIS NOW GATHERING US DATA IN PREPARATION FOR IMMEDIATE TRIP TO COLOMBIA.

3. IN VIEW THIS DEVELOPMENT AND UNCERTAINTY SURROUNDING PRICE REDUCTION POSSIBLE THROUGH ADVANCE PURCHASE SCHEME,

DEPT HAS TODAY RECOMMENDED TO FEA THAT AVIANCA RECEIVE A TEMPORARY ASSIGNMENT IN ITS FUEL ALLOCATION TO ALLOW IT TO CONTINUE OPERATIONS AT CURRENT DAILY FUEL CONSUMPTION RATES THROUGH SEPT 20. THIS TEMPORARY ASSIGNMENT SHOULD ALLOW SUFFICIENT TIME TO RESOLVE THE FACTUAL DISCREPANCY SURROUNDING THE PRICE REDUCTION, AND TO ALLOW OPPORTUNITY FOR ENNIS-MENDOZA DISCUSSION TO BEAR FRUIT. DEPT WILL REASSESS SITUATION PRIOR SEPT 20 IN LIGHT DEVELOPMENTS THESE MATTERS.

4. REF A RAISED SEVERAL POINTS WHICH DEPT WOULD LIKE TO ADDRESS. THE ISSUE OF REDUCING THE PRICE BRANIFF IS CHARGED FOR JET FUEL CANNOT AND SHOULD NOT BE CONSTRUED AS QUOTE SUBSIDIZING UNQUOTE BRANIFF, AND EMBASSY SHOULD REJECT ANY COLOMBIAN ATTEMPT TO CHARACTERIZE IT AS SUCH. WHAT IS AT ISSUE IS DISCRIMINATORY PRICING, PURE AND SIMPLE, WHICH VIOLATES THE FAIR AND EQUAL OPPORTUNITY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 212782

CLAUSE OF ARTICLE 8 OF THE BILATERAL. ELIMINATION OF THAT DISCRIMINATORY PRICING DOES NOT CONSTITUTE SUBSIDIZING BRANIFF. WE HAVE REACHED THE PRESENT SITUATION BECAUSE COLOMBIA HAS BEEN UNWILLING TO ELIMINATE THIS DISCRIMINATION. USG ACTION TO ATTEMPT TO SECURE REDRESS, SUCH AS DENIAL OF A SUPPLEMENTAL FUEL ALLOCATION, IS FIRMLY GROUNDED IN US STATUTORY AUTHORITY UNDER FEA REGULATIONS AND THE INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES ACT OF 1974.

5. FYI ONLY. DEPT WELL AWARE OF LIKELY CONSEQUENCES OF DENIAL OF SUPPLEMENTAL ALLOCATION AS INTIMATED PARA 3 OF REF A. BRANIFF, FOR EXAMPLE, IS ON RECORD TO USG THAT IT IS PREPARED TO SUFFER WHATEVER CONSEQUENCES RESULT IN COLOMBIA FROM ACTION USG TAKES TO RESOLVE THIS PRICING MATTER. UP TILL NOW, DEPT HAS DISCUSSED ACTION ONLY IN TERMS OF DENYING SUPPLEMENTAL FUEL ALLOCATION REQUEST. HOWEVER, OPINION OF COUNSEL IS THAT STATUTORY AUTHORITY WOULD SUPPORT NOT ONLY DENIAL OF SUPPLEMENTAL, BUT TERMINATION OF BASE PERIOD ALLOCATION AS WELL. WHILE DEPT NOT CONTEMPLATING SUCH A DRACONIAN MEASURE AS TERMINATION OF BASE PERIOD ALLOCATION, NONETHELESS COLOMBIANS SHOULD NOT

UNDERESTIMATE SERIOUSNESS OF INTENT OF USG RE THIS MATTER.
END FYI. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISCRIMINATION, JET FUEL, PRICES, TAXES
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE212782
Document Source: CORE
Document Unique ID: 00
Drafter: GGRIFFITHS:VLV
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770322-0758
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770994/aaaadbjn.tel
Line Count: 118
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1f58034d-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BOGOTA 8216, 77 STATE 202332
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1375159
Secure: OPEN
Status: NATIVE
Subject: JET FUEL PRICES AND TAXES
TAGS: EAIR, CO, US, BRANIFF, AVIANCA
To: BOGOTA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1f58034d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009